

RHODE ISLAND PUBLIC TRANSIT AUTHORITY

BOARD OF DIRECTORS

MINUTES OF July 18, 2006 MEETING

Board Members Present: Thomas Deller, Chairperson; Robert Batting, Vice-Chair; William Kennedy and Director James Capaldi.

Absent: Sharon Wells

Also Present: Alfred J. Moscola (General Manager); Richard Licht (Outside General Counsel); Andrew Prescott (Outside Labor Counsel); Henry Kinch; Deborah Dawson; Maureen Neira; Mark Therrien; Annmarie McMahon and other members of RIPTA's senior staff and the public whose names are listed on the meeting sign-in sheet.

Agenda Item 1: Approval of Minutes of June 8, 2006 Meeting

Mr. Deller requested comments regarding the minutes of the June 8, 2006 meeting. Hearing none, a motion was made for the approval of the minutes of the June 8, 2006 meeting by Robert Batting, which was seconded by William Kennedy. The Board unanimously approved the minutes as presented.

Agenda Item 2: General Managers Report

Mr. Moscola reported on the skyrocketing cost of fuel. He had budgeted the fuel at \$2.20 per gallon for FY 06, but has raised that to \$2.60 for FY 07. The low for FY 07, which began on July 1st, was \$2.36 and the high was slightly below budget at \$2.51. The average for the eighteen-day period was \$2.45 with today's cost at \$2.49. Fuel remains consistently high.

Mr. Moscola informed the Board that the anti idling bill that prohibits vehicles from idling more than 5 minutes was passed by the legislature. RIPTA's 2004 Orion buses are already calibrated to shut down after idling 5 minutes to avoid the diesel particulate filters from getting clogged. Mr. Moscola also worked with Detroit Diesel to retrofit some of the fleet with automatic shutoffs. Bob Batting asked how shutting off the engines would effect the use of fuel and Mr. Moscola responded that it actually saves on fuel and is also good for the environment. One downside is the buses idling on RIPTA property while warming up in the morning in the colder months. Mr. Moscola will look into a solution to this problem. Mr. Batting suggested block heaters, which he feels will be safe and save on diesel fuel. Mr. Moscola will look into this suggestion.

Maureen Neira discussed the financials in the April and May General

Manager reports. She reported that Ritecare pass purchases were higher than anticipated, but less than originally budgeted by the Department of Human Services. Insurance is under budget due to savings realized by the third party insurer and a few anticipated settlements that have not presented themselves yet, but will occur at some point. With FY 06 coming at an end, it appears we will end the year under budget. She reminded the Board that Mr. Batting requested that revenue and ridership be shown by fare category. This change had been implemented in the April and May reports. She added that several UPass participants pay by semester; therefore she has estimated those amounts and will change them to reflect the actuals when we're paid. Mr. Batting noted that cash flow is marginally off and asked if it was due to university passes. Ms. Neira thinks it could be due to senior passes, as ridership is up by 10,000 to date this fiscal year and the monthly pass increased based on ridership and revenue. Regarding FY 07, Ms. Neira noted there wasn't much to report, as we are only 17 days into the year. Jim Capaldi commented that the half price tickets for the 'Keep Eddy Moving' program are shown as riptick purchases and Ms. Neira added that senior passes are also half price. Director Capaldi asked if the monthly pass rate was raised last year when the fare was raised and was told it had not been raised.

Agenda Item 3: Preliminary FY 2008 Budget Assumptions

Ms. Neira discussed the preliminary FY 2008 Budget Assumptions.

She reiterated that this budget is based upon assumptions and must be submitted to the state by the end of September. She will send the draft document to the Directors for their review by mid September. Tom Deller asked that the Directors check their calendars to ensure their availability for the September 25th Board meeting. Bob Batting asked if the RIPTA submits the preliminary FY 08 budget to the state at the end of September, does this mean the Board has signed off on it? Ms. Neira responded that yes, it would mean the Board had signed off on it and the local match money is included. The Board will receive the draft budget before the September 25th Board meeting, at the meeting they will have an opportunity to discuss it and approve it. Mr. Moscola interjected that this budget reflects the fuel being raised to \$2.90 per gallon and the usual 'unknowns' such as the Ritecare passes, gas yield and union contracts, which will hopefully be settled by the next Board meeting, so that will no longer be an unknown amount. Ms. Neira used the general inflation rate, as the state budget guidelines have not come out yet. She also budgeted Ritecare passes based on 2007 projections, but will adjust that after she meets with Rosemary Gallogly and discusses funding Ritecare differently or using a different amount. She is still working on the gas tax yield; federal funding numbers, and health care costs, but everything else is consistent with 2007 numbers.

Agenda Item 4: Proposed Paratransit Operations Center Presentation

Alfred Moscola discussed the next agenda item; the proposed

paratransit operations center presentation explaining this project is a part of the Capital Budget submission. Dave DeQuattro and Anne Galbraith gave the Board a PowerPoint presentation outlining the proposed paratransit operations center. Mr. DeQuattro reminded the Board that a few months ago the Board asked that staff do a white paper outlining the project, this PowerPoint presentation is the visual aid to that white paper. They began with a slide illustrating the timeframe from the 2002 acquisition to the 2006 demolition and environmental cleanup. The next slides addressed the outstanding needs assessment, lack of current bus storage availability, and impact of the anti idling act. Next Mr. DeQuattro elaborated on the slides discussing the need for a fueling and storage area. The fuel station is over 16 years old and is working past its capacity. Currently Ride buses leave in the morning and then return mid-day for refueling. He went on to address the need for centralized maintenance, which currently is performed in the building underneath the administrative offices. Additionally, there is inadequate space to perform centralized maintenance. Mr. DeQuattro stated it would cost between \$18.2 - \$20.6 million in 2008 dollars to update the existing centralized maintenance and administration building. Next he discussed updating the Ride administration and Paratransit buildings. In addition to insufficient parking for RIPTA's vehicles, 500 employees, supervisor vehicles and non revenue vehicles, the cost of updating the Ride building would be \$2.9 million. The new paratransit operations center would house the bus wash, bus storage, fueling station for paratransit and flex vehicles, Ride administration,

operations and support, customer service and administrative support staff. Currently these functions are spread across three different buildings. Other benefits to the proposed operations center would be possible income generated from bus washing services to outside entities and the potential for lease revenue from the old Ride building.

The remaining estimated cost of the paratransit operations center is \$31.90 million. Proposed funding was then discussed. If the project is not advanced at this time, we would need to move forward with updating the current Ride building and Melrose Street buildings at a cost of \$21.1 - \$23.5 million. Additionally, RIPTA would lose the \$12.8 million in federal funding already earmarked for the project.

Ann Galbraith opened the floor to questions and Director Capaldi asked if any of the financing would be achieved through bonds. Ms. Galbraith replied no. Tom Deller asked what would happen to the existing buildings if we were to move forward and Mr. Moscola said he would relocate the buildings and grounds department and use the remaining space for records retention, as we currently have no storage space. Finally, he would rent out the old Ride building which offers ample parking and he'd also rent out the photo area in Kennedy Plaza. Bill Kennedy asked if the federal money was already available. Ann Marie McMahon responded the money is earmarked until 2009 and we will lose it if we don't use it. Mr. Kennedy asked about the timeline and Ms. McMahon responded that usually you have to use the money within three years. The construction schedule would be set by the federal drawdown timeline. Tom Deller asked

how the state capitol budget process works and Ms. McMahon said it is due at state budget tomorrow and then given to the Governor in January. Mr. Batting asked how many paratransit vans there are and was told there are 10 supervisor vans plus 135 Ride vehicles, 111 of which are housed on RIPTA property. Mr. Batting asked how many Ride vehicles Maher and Northwest had and was told 13 and 11, respectively. He asked if RIPTA was responsible for the maintenance of these vehicles and was told yes, RIPTA handles 100% of the maintenance and scheduling of Ride program vehicles and is also responsible for full administration of the Ride program. Mr. Batting asked where Maher and Northwest stored their vehicles since the white paper was to have addressed storing vehicles in satellite locations. Mr. Batting's personal view is that a study of the dispatch and scheduling of vehicles needs to be done, specifically the feasibility of storing the vehicles in a satellite location. Mr. Moscola stated we are asking the state for 2008, 2009 and 2010 appropriations to fund the project and there will be no debt service, its pay as you go. Richard Licht interjected that state law says the state cannot spend more than 98% of receipts for debt payments, this isn't a comment on the merits of the project, just stating that this type of funding is not unusual. Director Capaldi said if we fund this project with bonds, the bonds could not be spent till 2010 and by then the building costs will be significantly higher. Director Capaldi does not want to add debt. Ms. McMahon stated the Board could add a caveat to their vote on this matter, which could be reiterated in the cover letter on the budget submission, that they do not want to add debt

and would like this project to be 'pay as you go'. Tom Deller suggested we continue onto agenda item 5, the capitol budget, as the proposed operations center is a part of the Capitol Budget.

Agenda Item 5: Capitol Budget FY 2008 - FY 2012

Annmarie McMahon discussed the Capitol Budget for FY 2008 through 2013 saying vehicles and trolleys come due for replacement in 2009 and the federal funds to cover the replacement cost are in place. There is \$1.5 million in federal match funds available this November and \$5 million in 2007 and 2008 for bus replacement. Director Capaldi noted that Ms. McMahon stated replacement was a requirement and wanted to know if we could keep some of the vehicles. Mr. Moscola said we could keep some vehicles in the fleet, although some are 18 and 19 years old and the trolley's 10 years old. We will want to change the CNG vehicles to diesel vehicles. Director Capaldi suggested keeping some vehicles and spreading out the replacements purchase over a few years. Mr. Moscola said he is currently trying to sell four of the trolleys, as for the replacement schedule, many of the vehicles are 1992's and have already gone through the overhaul program. After 16 years, generally, you don't want to invest any more money in a vehicle. He plans to replace the 1992's and keep some 1998's in service while he adds in the new vehicles. Bob Batting asked if the Board were to sign off on the budget, would the General Manager be free to purchase the new vehicles, or would he come back to the Board for approval at the time

of purchase. Mr. Moscola replied that at this time we are just applying for the funding and he will come back to the Board for approval at the time of purchase. Mr. Batting asked if some of the bus purchase money could be converted into money for operating funds, and Ms. McMahon replied that 95% had to be spent on bus purchases.

Mr. Moscola stated that the Capitol Budget before the Board today is what staff recommends submitting, with the added caveat suggested by Director Capaldi regarding taking on no additional debt for the new operations center. The Board had another brief discussion about the proposed operations center and its uses. Mr. Kennedy added that investing money in the existing antiquated buildings was a waste, as we need the new operations center, and also additional storage space. Tom Deller asked for a motion to approve the Capitol Budget for FY 2008 through 2013 with the caveat that the Board does not want to finance the project by taking on debt and they will continue to discuss the design and use of the proposed operations center. Director Capaldi made the motion to approve the Capital Budget with the caveat of no debt and Robert Batting seconded the motion, which passed unanimously.

Agenda Item 6: IFB 06-24 Fencing for 705-769 Elmwood Avenue

Tom Deller moved on to the next agenda item, fencing for 705-769 Elmwood Avenue. Mr. Batting moved that the staff summary be

approved as presented. Mr. Kennedy seconded the motion, which passes unanimously.

Agenda Item 8: Public Comment

Mr. Deller skipped to Agenda item # 8 and requested public comments. Mr. Deller recognized Steve Farrell President of the Amalgamated Transit Union – Local 618 and 618(a). Mr. Farrell stated the agenda states the Board will discuss labor matters when they adjourn to executive session. Mr. Farrell commented that the members of 618(a) voted down the most recent contract proposal due to unacceptable language in a clause regarding disability pensions. Mr. Farrell asked that the Board give serious consideration to resolving this dispute, as he would like to see the negotiations move forward.

Agenda Item 7: Executive Session Adjournment

Mr. Deller moved that RIPTA adjourn to an executive session, as noticed in the agenda, under sections § 42-46-5(a)(2) for the purposes of discussing labor matters and claims matters. Mr. Kennedy moved to adjourn and to convene an executive session; Robert Batting seconded the motion. A roll call vote was taken on the motion to convene to executive session. All Board members voted to convene the executive session.

Following the Board's return to open session, Director Capaldi moved to seal the executive session minutes. Mr. Kennedy seconded the motion, which passed unanimously.

Agenda Item 9: Adjournment

Mr. Kennedy moved to adjourn the meeting; Mr. Batting seconded the motion, which passed unanimously.

Respectfully submitted,

Ellen M. Farrell

Secretary to the Board